

Mayor David Anderson called the December 2, 2008 council meeting to order at 6:30 p.m. Present for the meeting were Mayor Anderson, Council President John Langs, Council Members Connie Wells, Dave Sims, and Dave Gray, Clerk Kris Larson, City Administrator Stephen Boorman, Police Chief Rick Alonzo, Fire Chief Pat Warkentin, and Economic Development Coordinator Mike Sloan. Attorney Tim Wilson participated by conference call. Also present were Carolyn Testa, Bob Hanover, Jack Yount, Rich Beck, Rita Collins, Sharon Fitzgerald, Darby Turbveville and Christian McCarthy, Mike Klaus, Barb Brown, Alice Miller, Ruth and Gene Perry, Eileen Marcott, Bert Wolff, Dollie Bolling, Sarah Thomas from Bonners Ferry Herald, Terry and Donna Capurso.

Carolyn Testa read a statement from the City Commercial Building Owners, Merchants, and Tenants regarding property tax increases. This group has met with the County Commissioners and they are hopeful that they will get some relief. She said the reason the group is here is because this is a problem in the city. Carolyn said she is the owner of the Best Satellite Office and the owner of this business has lost his satellite franchise so he left the building. She also owns Groove Studio and she has now lost five tenants and the word is that there may be more people leaving the art gallery. She also owns the building where the Gift Gallery is and Pam Larson said if she passes on the tax increase to her as a tenant that she will leave and close her doors. Dave Sims asked if the problem is with the valuation. Carolyn said there are three methods of valuing buildings. The market data approach is what was used by the county and it was not tempered by the other two methods including the income method. The market approach was from 2006-2007 when property sale prices were high. Mayor Anderson asked what information goes into the income method of appraisal. Mike Sloan said under the income approach the cap rate is looked at and this is what investors look at. He said it is a very unique time and values were up in 2006-2007 but the economy has changed. Mike said the value of the buildings is going to stay down due to the economy. Mike said the State does require this be done. Most investors look at a ten percent cap rate. Donna Capurso said Idaho Code dictates that all three methods should be used and our county is only using one method. John Langs said property values are assessed every five years. The request has been made to the county to reassess the properties next year. Rich Beck said the solid waste fee was increased from \$200 to \$1,000 and this is only for one year. Two of the commercial businesses on the south hill are having a bad time and may not be able to pay the tax. The assessments are done for this year so there is nothing that can be done until next year. Donna Capurso said they purchased the building next to Panhandle Restaurant and opened up Selkirk Mountain Realty and then moved the business to their home and rented the building to Tucked Away for \$.54 per square foot. She said if the tax increase is passed on to the tenant then they will be forced to close their doors. Donna foresees the economy getting worse before it gets better. She does not want to see the stores close their doors and that is the reason to come to council tonight. David Sims said the increase in the homeowner exemption shifts the burden to commercial businesses. Donna agreed. Donna said there have been two commercial sales since January but there are 47 commercial businesses listed on the MLS. She is concerned about foreclosures and the loss of jobs in our community. Robert Hanover said he owns the Bonners Ferry Herald building. The lease is set for five years and the building needs repairs and he cannot increase the rent. The tax increase he faces is 108 percent. Dollie Bolling manages Dollar Depot and the building is for sale and she is concerned about closing the doors if the tax increase is passed on to the tenants. She said they want to stay in the Dollar Depot and said the tax increase may cause layoffs. She is hopeful that the problem will be solved by next year if the building owners can absorb it this

year. Mayor Anderson said the council supports the businesses and sympathizes but does not know what else they can do. Bob Moir said his two tenants cannot stay if they face a rental rate increase. He is concerned about his business and cannot afford the costs anymore. Bob does not think he can sell his business for what it is appraised for. Eileen Marcott owns ET Wireless and said they are doing quite well but was quite surprised when the value of their business increased. She said they are trying to make a living and if they raise the rent of their tenant they will be forced to close their doors. She is worried about having to lay off a staff person and hopes that no business goes under because of this. Rich Beck asked if the council could email the legislators to let them know of this problem. Mayor Anderson said there will be a meeting in January with the legislators and they will update them. Donna Capurso handed out information concerning the State's holdback of three percent. John Langs sympathizes with the group. Dave Gray said he has spoken to many legislators about the property tax structure and has asked for change. Terry Capurso said the Chamber has been invited to join the campaign. Sharon Fitzgerald spoke about the ratio that was used and asked Terry to expound on it. Terry said the State Tax Commission looks at the class of the different types of property and equalizes the properties on statewide averages by class.

Mayor Anderson said the city was just awarded the Economic Development Award.

Rick Alonzo gave the police report and said there have been five arrests, one DUI, four accidents, and a tragic incident near the railroad crossing where Amy Farrell suffered severe injuries and passed away during surgery. He said Randy Tremble may be appointed as a reserve officer.

Pat Warkentin gave the fire report. He said there was a call to the Restorium and Walt Kirby asked the Fire Department to give recommendations about the Restorium problem. Pat said it was an exhaust fan causing the problems and the fire department gave their recommendation after the inspection. He said the facility is up to code on inspections and is operated very well. There was an accident on the northside that the Fire Department responded to also. Pat thanked the Mayor and Council for coming to the Fire Department tour on Monday.

Stephen Boorman said the city hall roof repair is done. Christmas decorations are up and he thanked the Street Department and Electric Departments for their efforts. A test was done at the Riverside substation soils and it was clean. There is a letter on the Fish and Wildlife Agencies programs from John Saven in the council mail boxes. The county is looking at implementing the road tax and that will benefit the city. John Youngwirth got a mower and tractor at the surplus auction. The street crew has been working on building tee boxes at the golf course. Frederickson's have been doing some recycling of card board for businesses. Stephen said four or five businesses have been targeted for this. Dave Gray said city hall is starting to recycle also.

John Langs moved to approve the consent agenda. Dave Sims seconded the motion. The motion passed, all in favor. The consent agenda contained the following: roll call; approval of accounts payable and payroll; approval for Jim Fritzsche and John Delaney to attend Fire Hydrant/Valve O&M Training in Post Falls on December 9, 2008 and approval for Jim Fritzsche, John Delaney, and Alan Branson to attend Automatic Control Valves Training in Hayden on February 3-4, 2009; approval for Stephen Boorman to attend the ICUA 2009 Members Conference in Boise on January 12-13, 2009.

Dave Sims moved to approve the fireworks permit pending the Fire Chief's approval for the Friends of the Arts, Inc. for the Eugene Ballet's Nut Cracker performance on December 4, 2008. Dave Gray seconded the motion. Pat said he does not anticipate any difficulties but wants to inspect before he signs off. The motion passed, all in favor.

John Langs moved to authorize the Mayor to sign the Mutual Aid Agreement with Paradise Valley Fire District. Dave Gray seconded the motion. Pat said this will alleviate some of the problems on the south end of town. The motion passed – John Langs “yes”, Dave Sims “yes”, Connie Wells “yes”, Dave Gray “yes”.

Connie Wells moved to donate the surplus breathing apparatus equipment to the City of Moyie Springs. Dave Gray seconded the motion. The motion passed, all in favor.

The animal pound caretaker hires were discussed. Rick Alonzo said two people were selected today after interviewing. They understand the limitations of hours to be worked. Linnea Mills and Judy Jeske are ready to go with the Council's blessing. The wages are \$8.00 per hour at a maximum of 18 hours per week. Dave Gray moved to hire Judy Jeske and Linnea Mills. Connie Wells seconded the motion. The motion passed, all in favor.

The Christmas Festival group has asked that Main Street be closed on December 6, 2008 for the festival from 6:00 a.m. to 4:00 p.m. John Langs moved to close the street for the festival. Dave Sims seconded the motion. The motion passed, all in favor.

Stephen said Alan Branson and John Delaney have passed their water certification courses. He said it is best to look at wages comprehensively than to do it on a person by person basis. Jim Fritzsche said Alan is in line to be the responsible person in charge for the plant and the State requires a title of foreman. Dave Gray moved to promote Alan Branson to foreman. Dave Sims asked if this is without a wage increase at this time. Dave Gray said that is the motion. Wages will be considered when the wage committee meets. Dave Sims seconded the motion. Dave Gray amended his motion to include the recommendation of the wage committee to be retroactive to this promotion. Dave Sims seconded the amendment. The motion passed, all in favor.

The group discussed the rate increase hearing for water sewer rates. Dave Sims moved to table the issue until the figures are brought forth from the rate study. Stephen said our revenues have been lower due to conservation and there are regulatory issues pushing the costs for the water and sewer departments. Mayor Anderson would like to look at the month of February for the rate hearing. The motion passed, all in favor. Stephen said the regulatory costs are the largest drivers to the budget increases.

John Langs moved to authorize the Mayor to sign Resolution 2009-01 to authorize, approve, and ratify the execution of a renewal power sales agreement with Bonneville Power Administration (BPA), and related matters based on the approval of the city attorney. Dave Sims seconded the motion. The motion passed – John Langs “yes”, Dave Sims “yes”, Connie Wells “yes”, Dave Gray “yes”.

The conservation contract with Portland Energy Conservation, Inc. was discussed. Stephen said BPA works quite a bit with this contractor and this proposal would qualify as part of our conservation program by giving rebates to our customers for purchasing compact fluorescent

light bulbs at Home Depot and Wal-Mart. Stephen said our Bonneville contract stipulates that the city will spend a certain dollar amount on conservation and this contract will help us meet our conservation dollar amount. The group discussed the compact fluorescent light bulbs and different programs that have been offered. Stephen said he is concerned about meeting the conservation dollar amount. John Langs said he has a problem with this contract because he would like to keep the business local. Dave Sims moved to table this issue so more research can be made to see if the business can be limited to local. Dave Gray seconded the motion. The motion passed, all in favor.

David Sims moved to go into executive session per Idaho Code 67-2345 (f) at 8:00 p.m. John Langs seconded the motion. The motion passed – John Langs “yes”, Dave Sims “yes”, Connie Wells “yes”, Dave Gray “yes”. Executive session ended at 9:15 p.m. No action was taken.

John Langs abstained from any discussion and vote on the clarifier project because he was contacted by one of the bidders. Dave Gray moved to award the clarifier project bid to S&L Underground with the city installing the clarifiers and building the stairways. Dave Sims seconded the motion. The motion passed – John Langs “abstained”, Dave Sims “yes”, Connie Wells “yes”, Dave Gray “yes”.

There being no further business the meeting adjourned at 9:18 p.m.

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David K. Anderson, Mayor

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Kris Larson, City Clerk